

20 July 2016

Vertu Motors plc (“Vertu”, the “Company” or the “Group”)

AGM Statement

***Strong aftersales and used vehicle performance drives profitability.
Full year results expected to be in line with market expectations***

Highlights:

- Profitability in the four month period to 30 June 2016 ahead of prior year and in line with the Board’s expectations.
- Total revenues increased by 21.5% with like-for-like revenues increasing by 8.4%.
- Group and like-for-like gross margins improved due to higher used car and service margins.
- Group’s aftersales operations continued to grow strongly with service revenues up 25.6% in the Period, an increase of 6.1% on a like-for-like basis.
- Strong used vehicle performance with total used vehicle volumes up 19.2%, an increase of 10.2% on a like-for-like basis.
- Majority of £35m raised in the Placing in March deployed in earnings accretive acquisitions.
- Given the performance of the Group to date and the ongoing integration and improvement of businesses acquired in recent periods, the Board expects the performance for the full year to be in line with current market expectations.

At today’s Annual General Meeting of the Company, the Chairman Peter Jones will make the following statement:

Trading Update

Profitability in the four month period to 30 June 2016 (“the Period”) was ahead of the prior year and in line with the Board’s expectations.

Group total revenues have increased by 21.5%, aided by higher revenues from acquired dealerships and continued organic growth with like-for-like revenues up 8.4%. Total gross profit increased by 23.6% with like-for-like gross profit increasing by 8.7%. Group and like-for-like gross margins improved due to higher used car and service margins.

The Group’s aftersales operations continued to grow strongly with gross profits up 24.9% in the Period, an increase of 7.0% on a like-for-like basis. Our retention initiatives (such as service plan sales), our focus on customer service, and increases in the overall vehicle parc, continue to contribute positively to aftersales profitability trends. In the key area of vehicle servicing, the Group increased total service revenues by 25.6% and like-for-like service revenues by 6.1% whilst improving like-for-like service margins from 75.8% to 76.6%. By way of context, this high quality, repeatable aftersales business accounted for 39.1% of the Group’s 2016 gross profit and this underlying strength continues to underpin Group profitability.

Used vehicle performance also continued to be very strong in the Period with the Group delivering total volume growth of 19.2% and like-for-like growth of 10.2%. The Group has seen continuous like-for-like used car volume growth since 2011 and used cars represent a key strength of the Group. Performance was aided by continued investment in marketing and by the timing of sale events

compared to the prior year. The Group's gross profit generated from used vehicle sales rose 27.4% compared to the prior year, with growth of 17.6% on a like-for-like basis. Like-for-like gross margins strengthened from 9.8% to 10.5% reflecting strong price disciplines and the underlying strength of residual values in the UK used car wholesale markets. The increase in new car PCP business, where the Manufacturer guarantees the residual value of the car, has provided and continues to provide stability in used car prices. By way of context, used car business accounted for 31.7% of the Group's 2016 gross profit.

During the Period, the UK new retail market has been stable, as expected, after a period of sustained growth to record levels. Whilst private registrations saw growth in the key month of March, the market has softened with small declines in private registrations in each of the months of April, May and June. The Group's total new retail vehicle sales volumes grew by 8.9%, and like-for-like new retail sales volumes reduced by 3.8%, in the Period with volume franchises seeing small declines in volumes whereas premium franchises have continued to see growth. In the Period, the UK remained an attractive and profitable market for the Manufacturers and supply push of product into the market continued. Gross margins from the sale of new retail vehicles were stable. By way of context, new retail sales accounted for 22.5% of the Group's 2016 gross profit.

The Group has seen growth in its car fleet operations during the Period, with total volumes higher by 7.5% and like-for-like volumes increasing by 3.1%, compared to an increase in UK fleet registrations of 6.2%. Group sales of new commercial vehicles continued to grow at very high levels reflecting the underlying strength of the UK economy. The Group's total new commercial vehicle sales volumes grew by 27.5% and like-for-like new commercial vehicle sales grew by 25.0% for the Period. UK commercial vehicle registrations grew by 4.3%, showing that the Group continued to take market share in the van market. The Group grew like-for-like gross profit from its fleet and commercial operations by 17.6% with overall profitability in the channel up significantly.

Portfolio Development

On 1 March 2016, the Group purchased Greenoaks (Maidenhead) Limited which operates three Mercedes-Benz dealerships, for £21.9m (alongside the settlement of £9m of shareholder loans). These dealerships in Ascot, Reading and Slough have historically underperformed. The Board is very pleased with the progress made to date to integrate and improve the performance of the businesses and they have traded in line with the performance targets the Board put in place at the time of the acquisition.

In the Period the Group has undertaken three further transactions which were anticipated when the Group undertook the £35m Placing (gross) in March 2016. These transactions represent a swift deployment of a substantial portion of the capital raised.

On 3 May 2016, the Group acquired the business and assets of Leeds Jaguar for a consideration of £0.7m including £0.5m of goodwill. For the year ended 31 December 2015, the accounts of this business showed that it broke even.

On 1 June 2016, the Group acquired the entire issued share capital of Gordon Lamb Group Limited, a group which operates five sales outlets in Derbyshire. This freehold rich acquisition introduced the Toyota franchise to the Group and added a sixth Land Rover dealership, together with two Skoda and a single Nissan sales outlet to the Vertu portfolio. Total consideration amounted to £18.7m, including a £8.3m payment for goodwill. For the year ended 31 December 2015, the accounts of Gordon Lamb Limited showed consolidated revenue of £85.8m and adjusted PBT of £2.7m.

On 23 June 2016, the Group acquired the freehold and long leasehold interests from Honda in two Honda dealerships operated by the Group in Nottingham and Derby. Consideration amounted to £3.2m.

Outlook

On 23 June 2016, the UK voted to exit the European Union (EU). This has led to some uncertainty for the economy and the motor retail industry in a number of areas.

Regulations surrounding Manufacturer Franchise contracts are currently determined on an EU basis by Manufacturers and reflect EU competition policy. The Board, at this stage, does not anticipate any major changes to the franchise contract position under which the Group transacts with our Manufacturer partners resulting from the UK leaving the EU.

The UK represents the second biggest market for new vehicles in the current EU and thousands of continental European jobs are reliant on a continuation of this trade with the UK. Consequently, the Board believes that Manufacturer partners are likely to be keen to support UK retailers through any period of uncertainty. The majority of the Group's new vehicle sales are imported to the UK from the EU. Our Manufacturer partners clearly have a vital interest in ensuring continued free trade access to the key UK market and the Board will be monitoring the negotiations of the trade relations between the EU and UK. The £:€ exchange rate is important to Manufacturer profitability on the UK sales and is a factor in determining the level of supply push of vehicles into the UK market. Whilst sterling has declined against the Euro following the referendum result, it remains at levels above the lows seen in 2008/9, and more recently throughout much of 2013, and at levels which the Board believes remain attractive for European Manufacturers to export vehicles to the UK. This should help to underpin the UK new car market which is currently at record levels.

It is possible business and consumer confidence in the UK may also come under some pressure as a consequence of the uncertainty in the next few months. In line with trends in recent months, since the referendum new retail vehicle sales volumes have been behind last year. However, the important revenue streams of used cars and aftersales have not seen any negative impact to date. The Board will update shareholders further in the pre-close statement in early September 2016.

Given the performance of the Group to date and the ongoing integration and improvement of businesses acquired in recent periods, the Board expects the performance for the full year to be in line with current market expectations.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulations.

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Notes to Editors

Vertu, the UK automotive retailer with a proven growth strategy, is the fifth largest automotive retailer in the UK with a network of 132 sales outlets across the UK. Its dealerships operate predominantly under the Bristol Street Motors, Vertu, Farnell, South Hereford Garages, and Macklin Motors brand names.

Vertu was established in November 2006 with the strategy to consolidate the UK automotive retail sector. It is intended that the Group will continue to acquire automotive retail operations to grow a scaled dealership group. The Group's acquisition strategy is supplemented by a focused organic growth strategy to drive operational efficiencies through its national dealership network. The Group currently operates 129 franchised sales outlets and 3 non-franchised sales operations from 109 locations across the UK.

Vertu Group websites - www.vertumotors.com / www.vertucareers.com

Vertu brand websites - www.bristolstreet.co.uk / www.vertuhonda.com / www.macklinmotors.co.uk / www.farnellandrover.com / www.farnelljaguar.com / www.vertuvolkswagen.com / www.southherefordgarages.co.uk / www.vertumercedes-benz.com

Forward-looking statements

This document may contain certain 'forward-looking' statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements.

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